



*The Commonwealth of Massachusetts
Commonwealth Health Insurance Connector Authority
One Ashburton Place, Room 805
Boston, MA 02108*

DEVAL PATRICK
Governor

TIM MURRAY
Lieutenant Governor

LESLIE KIRWAN
Board Chair

JON M. KINGSDALE
Executive Director

**Board of the Commonwealth Health Insurance Connector Authority
Minutes**

Thursday, February 12, 2009
9:00 AM – 11:00 AM
One Ashburton Place
Boston, MA 02108
21st Floor Conference Room

Attendees: Leslie Kirwan, Jon Kingsdale, Rick Lord, Jonathan Gruber, Louis Malzone, Nonnie Burnes, Nancy Turnbull, Ian Duncan (via telephone), Melissa Shannon (attending on behalf of Thomas Dehner), and Lisa Boodman (attending on behalf of Dolores Mitchell).

The meeting was called to order at 9:07 AM.

Secretary Kirwan provided a brief update on the Governor's proposed Fiscal Year 2010 budget and steps taken to balance the FY09 budget. Despite a \$6 billion budget gap for FY09 and FY10, health care remains a priority. Revenue from a proposed sales tax on candy and sweetened and alcoholic beverages would support public health programs. \$880 million has been allocated to Commonwealth Care (CommCare), an increase of \$60 million. MassHealth is slated to receive an increase of \$540 million in FY10.

- I. Minutes:** Minutes of the January 15th meeting were accepted by unanimous vote.
- II. Executive Director's Report:** Jon Kingsdale stated that the Contributory Plan is off to a good start. 15 accounts are signed up to date. Celia Wcislo asked what the target was. Mr. Kingsdale replied that no goal was established, but the Connector is hoping to sign up 100 accounts for the pilot. The MMCO procurement process is underway and responses are expected late next week. Connector staff will provide the Board with an update at the February 26th meeting. Mr. Kingsdale explained that today would be an opportunity to discuss CommCare enrollee contributions and the Affordability Schedule. Enrollee contributions help to defray some of the costs of CommCare as well as reduce crowd-out. The Connector Board is charged by law to review the Affordability Schedule annually.
- III. Commonwealth Care FY2010 Enrollee Contributions & Draft Affordability Schedule:** Kaitlyn Kenney provided the Board with an overview of the guiding principles and data used to determine the FY09 CommCare premium contributions and Affordability Schedule. Staff worked to balance the need to maintain affordability and the applicability of the individual mandate, while taking into consideration special circumstances such as the fiscal environment. Ms. Kenney noted that the 2009 Federal Poverty Guidelines represent a 4% increase from 2008. Nancy Turnbull asked if the 6% - 10% average premium increase accounted for benefit level changes. Mr. Kingsdale responded that any decreases in benefit levels are not reflected in the premium increases. Connector staff recommended a 2% increase for enrollee contributions.

Ms. Kenney reviewed two options for the FY09 Affordability Schedule. Both would maintain the alignment of the Schedule with the proposed enrollee contribution increase. The first option increases premiums for individuals earning up to 300% of the Federal Poverty Level (FPL) by 2% and by 5% for those at higher income levels. The second would increase premiums 2% for all income categories. Ms. Wcislo asked why, under both options, certain new categories of individuals would be exempt. Mr. Kingsdale explained that some individuals in certain income-age brackets in particular geographic areas have incomes that, currently, narrowly exceeds a particular Affordability Schedule level and thus are considered able to afford insurance in 2008. Any of the proposed changes to the Affordability Schedule will result in some shifting of certain groups that are at the margins of the affordability brackets. Staff recommended putting out for comment a 2% premium increase for individuals up to 300% FPL and a 5% increase for those above 300% FPL. Staff will revise the Schedule as appropriate for a recommendation following the comment period. The Board will be asked to vote on FY10 enrollee contributions and the CY09 Affordability Schedule in March. Nonnie Burnes asked why staff was recommending a 2%/5% increase. Ms. Kenney responded that the numbers reflect a reasonable approach that is tied to premium and income growth. Mr. Lord asked what circumstances would prompt Connector staff to revise the Schedule. Ms. Kenney responded that revisions will be dependent on public comments and the actual bids received for CommCare.

Ms. Turnbull expressed her opposition to a 2%/5% increase, as it would increase the percentage of income individuals in higher income brackets are required to spend on premiums. She cautioned against tying the Affordability Schedule to increases in the cost of private coverage, since benefits are decreasing and out-of-pocket costs increasing on the market. She requested further consideration of capping the percentage of income individuals spend on premiums. Melissa Shannon also cautioned against using increases in private premiums as a means of setting contribution levels.

Lou Malzone expressed concern with the formula used to determine enrollee contributions and asked that it be reviewed at a later date. He offered his support for an across-the-board, 2% increase in premiums.

Jonathan Gruber expressed strong support for the 2%/5% option, noting that the Board is obligated to ensure the effectiveness of the law, which means preserving the mandate. Since the Consumer Price Index increased by 4%, a uniform 2% premium increase would result in a 2% reduction in the percentage of income individuals spend on premiums. A 2%/4% increase could be discussed as a means of maintaining the same percentage of income.

Ms. Wcislo voiced her opposition to basing affordability on private premium levels. She expressed support for consideration of maintaining current premium levels, stating that the reach of the mandate should not be extended in this economic climate.

Secretary Kirwan reviewed the Board discussion, noting concerns with linking market premiums to the Affordability Schedule and the strong sentiment that all must be mindful of the economic situation. She asked if the Board was comfortable publishing the staff recommendation of a 2%/5% increase for public comment. Mr. Lord noted that, since income brackets have increased by 4%, looking at 2%/4% might be appropriate. He added that he is comfortable with publishing a 2%/5% increase for public comment. Ms. Turnbull explained that, even if income levels are increasing the same amount as premiums, some individuals within an income bracket will still see the percentage of income spent on premiums increase. Ms. Burnes expressed support for a robust discussion by publishing either a 2%/4% or 2%/5% increase for public comment. Ms. Wcislo agreed that debate is necessary and expressed support for posting a 2%/4% increase. Several Board members asked that Connector staff include a disclaimer with the published version that explicitly states that the recommendations do not reflect the opinion of the

Connector Board or any individual member. Secretary Kirwan advised Connector staff to post their recommendation of a 2%/5% premium increase for public comment with language stating that this proposal does not reflect the position of the Board. She further directed Connector staff to provide the Board with regular updates on comments received as well as the MMCO bids prior to the March 12th vote.

Commonwealth Choice: Seal of Approval Plan for 1/1/2010: Patrick Holland reviewed the Calendar Year 2010 Seal of Approval Board agenda topics for the upcoming six months. After a robust review and evaluation process, the Board will have an opportunity to vote to award a Seal of Approval to carriers at the end of June. Mr. Gruber asked how this timeline fits with Board discussions on Minimum Creditable Coverage (MCC) and if the Board was required to make annual updates to MCC. Mr. Kingsdale responded that it is up to the Board to determine how frequently MCC requirements should be reviewed and updated. The market needs 18 – 20 months advance notice to comply. Ms. Turnbull noted that some Board members were uncomfortable with the annual benefits caps on Young Adult Plans and requested Connector staff provide an estimated premium increase if the cap were to be removed. She also expressed interest in obtaining more detailed utilization data from carriers.

There being no further business before the Board, the meeting was adjourned at 10:16 AM.

Respectfully submitted,
Nicole Iannuzzi